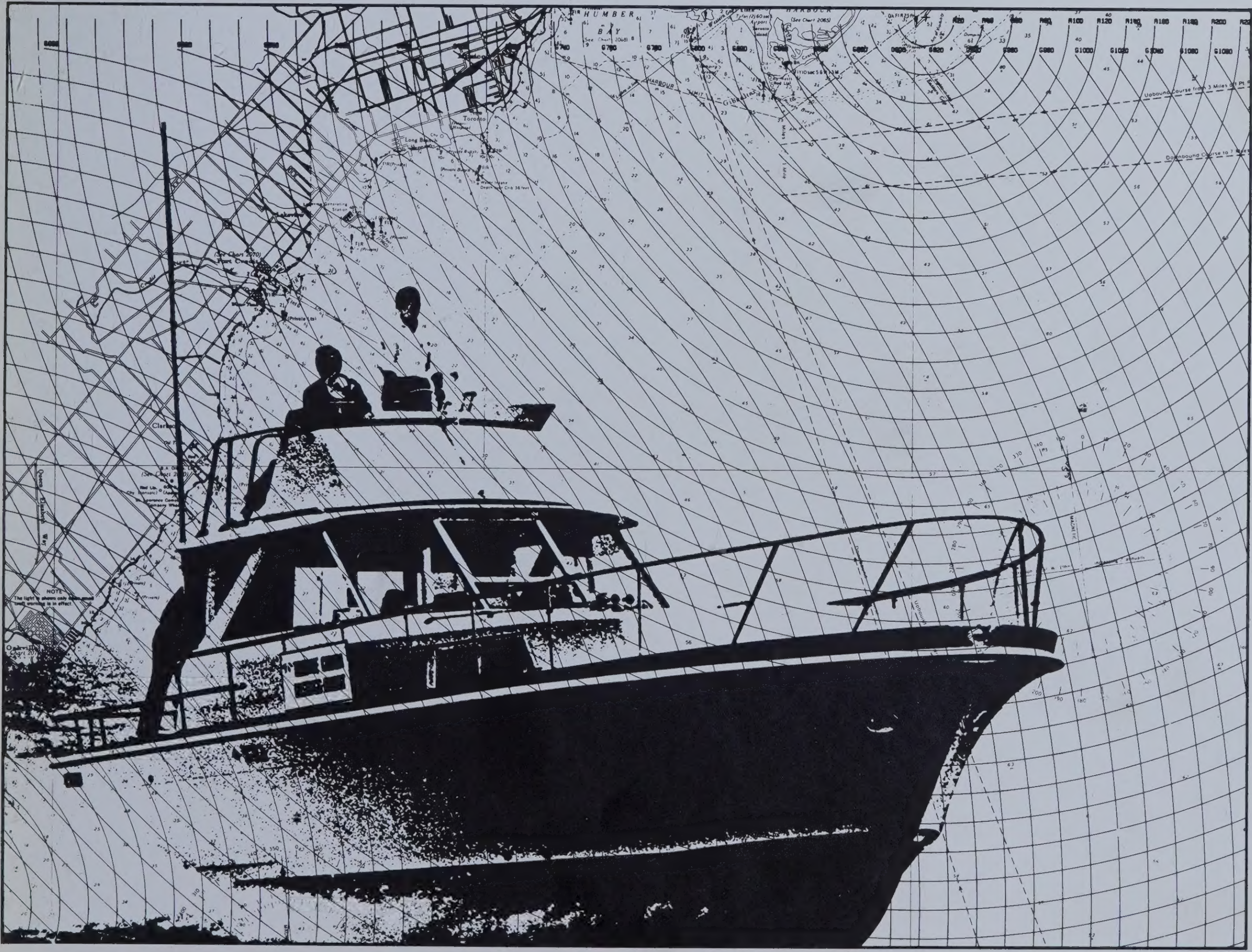
AR24

TELEDYNE CANADA LIMITED

Annual Report 1971



TELEDYNE CANADA LIMITED

Annual Report 1971

Highlights from Annual Reports of Teledyne Canada, Limited

OPERATING RESULTS	**1971**	**1970**	**1969**	**1968**
Sales and Service Revenues	$13,532,000	$14,295,000	$12,571,000	$ 2,566,000
Income Before Income Taxes	1,637,000	2,119,000	1,929,000	291,000
Provision for Income Taxes	817,000	1,035,000	1,059,000	70,000
Net Income	992,000	1,183,000	869,000	222,000
Net Income per share	47¢	56¢	42¢	23¢
FINANCIAL POSITION				
Total Assets	$11,373,000	$11,570,000	$10,582,000	$ 3,469,000
Shareholders' Equity	8,203,000	7,191,000	5,738,000	2,728,000
GENERAL STATISTICS				
Average number of shares outstanding	2,103,463	2,100,493	2,054,298	950,510
Number of employees	510	491	510	115
Number of facilities	20	20	18	5
Square footage of facilities	293,400	290,400	232,400	69,000

The figures in this table are taken from previous annual reports after Teledyne, Inc. obtained a controlling interest and are without adjustment for subsequent pooling of interests. The 1971 and 1970 net income include an extraordinary item of $172,000 and $99,000, respectively. Net income per share is based on the average number of shares outstanding during each year. The 1968 net income per share has been restated to this basis from 19½¢ per share which was based on the actual number of shares outstanding at the end of the year.

To Our Shareholders:

The Board of Directors is pleased to present the Annual Report of Teledyne Canada, Limited for the year ended June 30, 1971, a year of soft economic climate, during which all divisions maintained profitable operations, and the balance sheet was further strengthened.

Results for the 1971 fiscal year compared with the previous year showed a period of consolidation after several record years of expansion. Earnings per share were $0.47 on 2,103,463 average shares outstanding, compared with $0.56 on 2,100,493 shares outstanding last year.

Liquidity for future growth was improved by using internal cash flow to reduce bank loans from $830,000 to zero, and shareholders equity increased to $8,203,000 from $7,191,000 the previous year. Current assets to current liabilities achieved a 2.46 ratio, and indebtedness is now less than 3% of total capital.

In this very competitive period, Teledyne Canada streamlined plants and equipment to meet current market requirements by investing $626,000; additional major capital expenditures are approved. The mining equipment and bulk transport operations are being particularly strengthened by these programs.

During the year a new division of Teledyne Canada was inaugurated to market the Hastings-Raydist electronic navigation equipment manufactured by Teledyne Hastings-Raydist of Hampton, Virginia. Details are reviewed in this report.

Hardfacing Alloys Limited of Vancouver also expanded their new operation in Toronto and increased their distribution centers for special welding wire and welding rods across Canada.

We have expanded our Teledyne Canada Pension Plans to include supervisory and salaried personnel. The Stock Purchase Plan for employees, previously announced, now has more and more employees becoming stockholders of the company.

During the year, D. Scott McCann, Corporate Executive Vice-President, and S. L. Vettese, President of the Bulk Transport operation, were elected to the board to fill vacancies created by the resignations of Frank LaHaye, James D. Nisbet, and Raymond H. Kelm. The board recognizes the significant contribution of the retired board members to the growth of Teledyne Canada and their efforts are sincerely appreciated.

With the strong financial position now attained, we look forward to the future with confidence that the Canadian economy will fully recover and Teledyne Canada will continue to grow.

On behalf of the Board

J. C. Hamaker

J. C. HAMAKER
President and Chairman of the Board.

New Hastings-Raydist Division Holds Lake Ontario Demonstrations

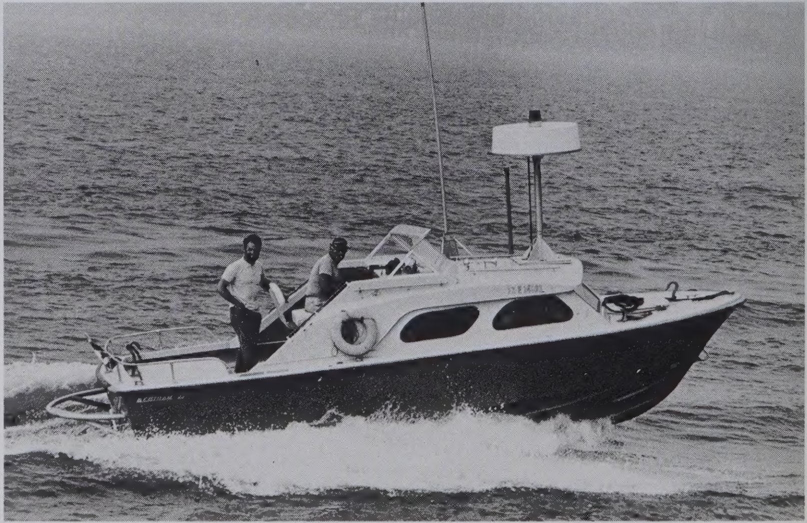
Thirty-foot cruiser used by Teledyne Canada in lake demonstrations pinpoints buoy on open water. Below: The BRUCE, operated by the Canada Centre for Inland Waters, Burlington, Ontario, also participated.

TORONTO, ONTARIO. Demonstrations of a new, highly-accurate radio location system were carried out on Lake Ontario during September of this year by Teledyne Canada, Ltd. The demonstrations were part of a month-long marketing effort by Teledyne Canada's new Hastings-Raydist Division which was established in April of this year to provide sales, service and technical support in Canada for the products of Teledyne Hastings-Raydist of Hampton, Virginia.

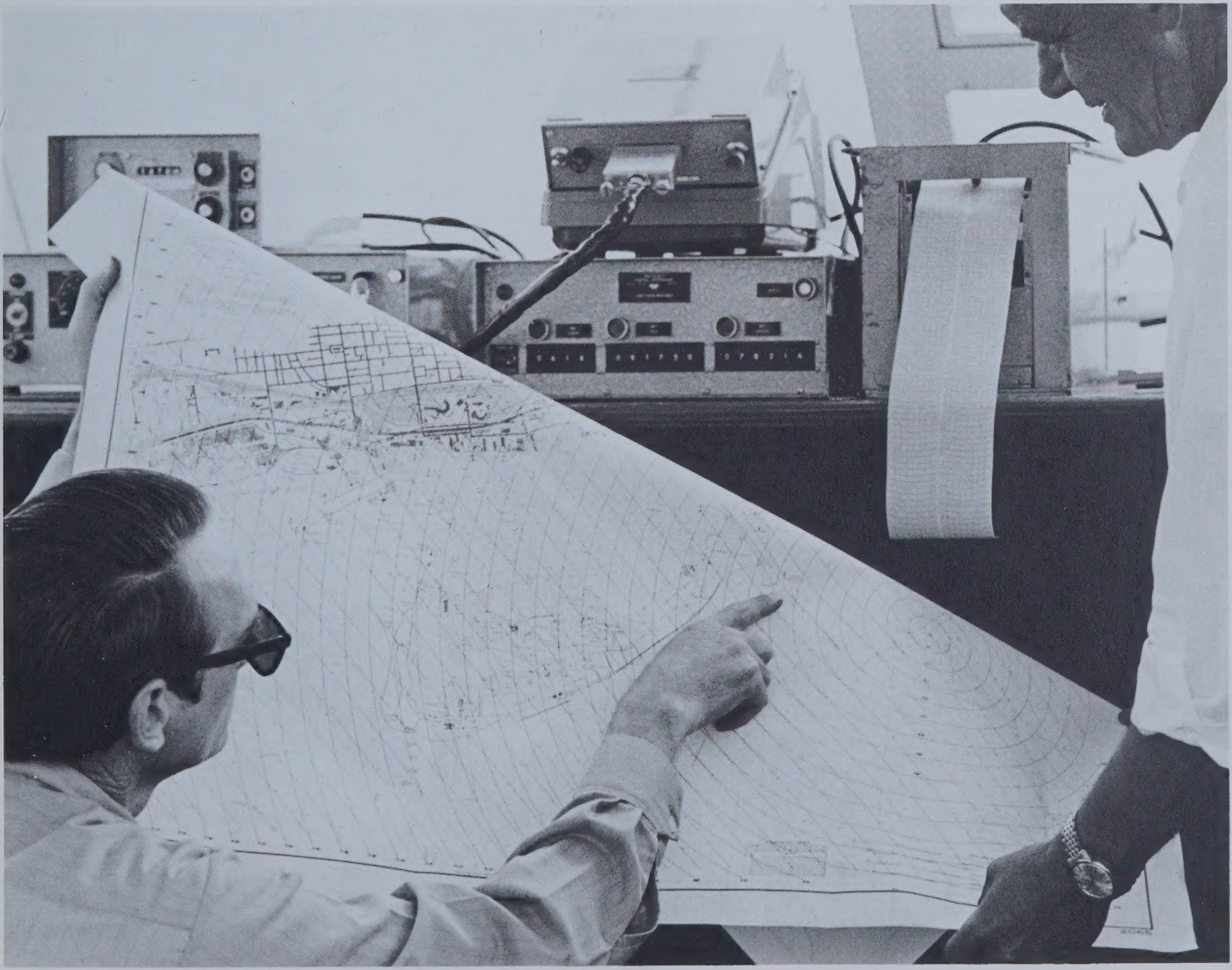
The location system, known as Raydist, can determine an exact position on open water, without visual references, to within 10 feet at distances of up to 250 miles from the base stations. It can also be used in aircraft at speeds up to 400 miles per hour, and at reduced range on land.

Raydist is widely used in geophysical exploration for oil and mineral deposits, where survey vehicles must know their precise position at all times. The recent discoveries of oil off Nova Scotia, in the Mackenzie Delta, the Arctic Islands, and Alaska have greatly increased the demand for Raydist systems in Canada.

Another major usage of Raydist equipment is in ship trials, to determine speed to within a hundredth of a knot, accelera-



Concentric circles of Raydist lanes are superimposed on a chart of Toronto harbor. Raydist equipment aboard the 30-foot cruiser is seen in the background.



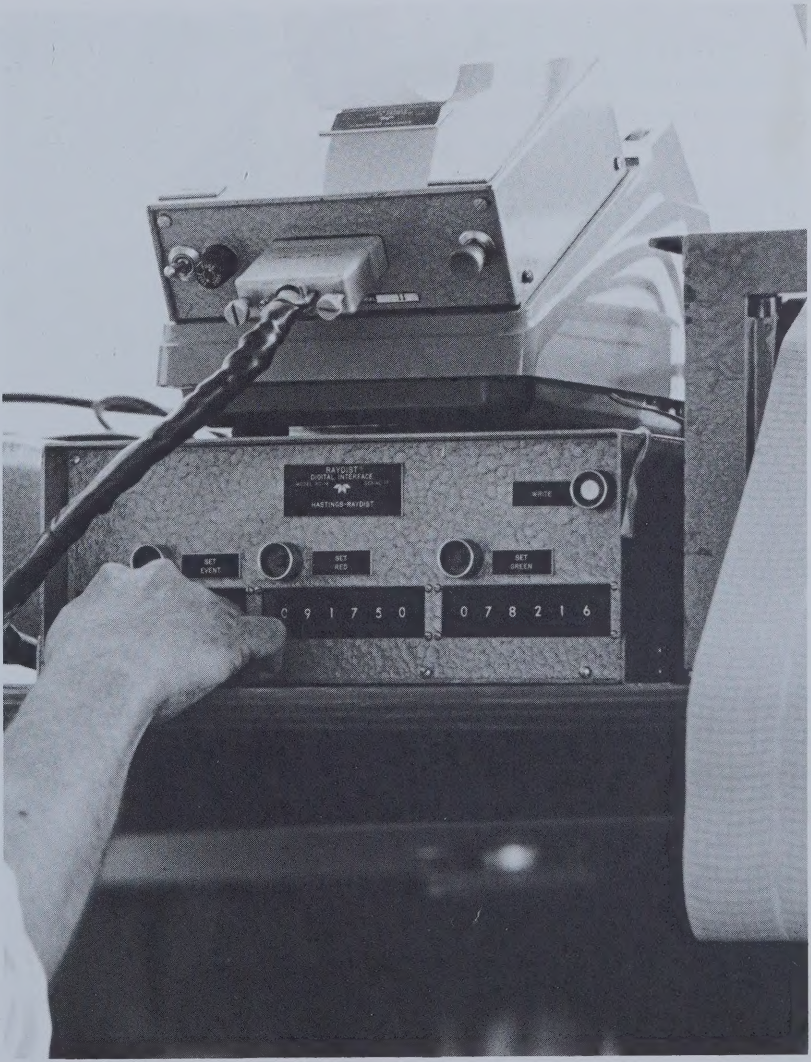
tion, deceleration, and turning radius. Ship trials of all Polaris submarines, for example, are carried out with Raydist equipment, which also is used to check the accuracy of the inertial navigation system.

Raydist systems are used in various configurations by governmental and private agencies in coast and geodetic surveys, hydrography, pollution studies, oceanography, marine construction, dredging, small boat navigation, commercial fishing, coast guard and harbor policing, and fish and game law enforcement.

In the Lake Ontario demonstrations, base stations were set up on the Toronto Breakwater, and at Bronte. These are completely portable systems consisting of a hundred-foot guyed antenna mast, a single sideband transmitter and a thermoelectric power generator that produces a continuous supply of electricity from a propane heat source. These base stations are fully transistorized and are designed to operate unattended for weeks or months at a time, depending on the size of the propane tank.

The balance of the Raydist equipment was carried aboard a thirty-foot power cruiser operated by Teledyne Canada's Hastings-Raydist Division. A second

The boat's position at any time is determined by locating the intersection of the two Raydist coordinates on a chart. Interval between lines represents 100 feet on the water.



Raydist Position Indicator has two digital readouts that automatically and continuously give position coordinates. Automatic printer at top makes a printed record of these coordinates.

power boat, the BRUCE, equipped with Raydist and operated by the Canada Centre for Inland Waters, Burlington, Ontario, also participated in setting up and carrying out the demonstrations.

Basic on-board Raydist equipment consists of a CW transmitter and a Raydist position indicator which automatically and continuously reads out two Raydist coordinates. Accessory equipment includes a data printer which prints out a permanent record of the coordinates, a track plotter which draws a graphic representation of the boat's course, and a remote indicator which allows a helmsman to steer a course along a selected Raydist lane.

In operation, the on-board equipment transmits a CW signal to each of the two base stations. The signals are received by the base stations, mixed with another frequency to form a heterodyne frequency and rebroadcast to the boat using single sideband techniques. The on-board equipment then discriminates the phase difference between the outgoing and incoming signals, and translates it to position information. A complete 360° change in phase between the two signals occurs in each 100 feet of distance from the base station. Thus concentric circles, spaced at 100-foot intervals, are shown on the Raydist chart, spreading out from each base station. Each 100-foot interval is known as a Raydist lane, and the equipment is capable of discriminating down to 1/100th of a lane, or one foot. Because of propagation anomalies, however, the actual positional accuracy achieved is somewhat less than that. By finding the intersection of the two coordinates on a Raydist lane chart, the boat's position is known.

During the demonstrations, interested parties from municipal, provincial and federal governments, and also from private organizations, were invited aboard to observe the operation of the equipment. Demonstrations included locating buoys in open water, navigating to precise geographical positions and landmarks on the shoreline, and following a precise, predetermined track in open water, using the track plotter.

The demonstrations brought out several advantages of the Teledyne equipment over competing systems. One was the fact that both the land-based and mobile equipment is fully transistorized. This reduces electrical power requirements and permits base stations to operate unattended on a thermoelectric power gen-

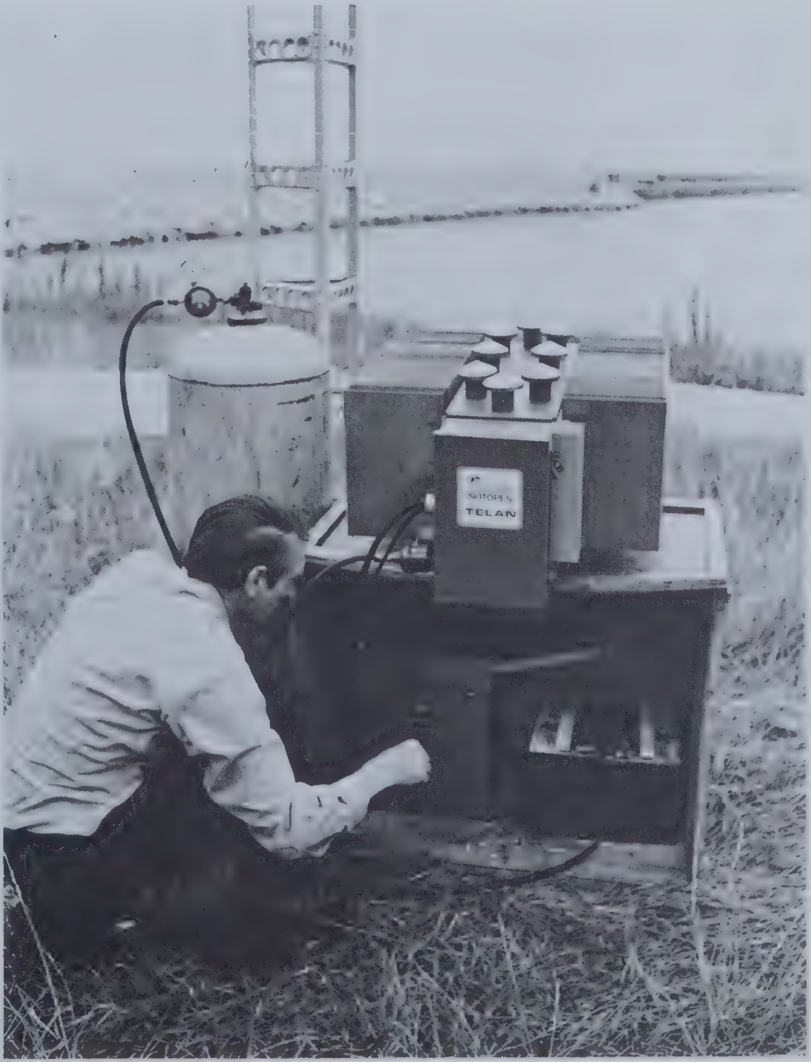
One-hundred-foot guyed antenna masts propagate the signals from the base station transmitters. System is portable and can be set up by two men in a few hours.

The all-solid state, weatherproof electronics system of a base station is shown in a typical field set up. Transmitter and other electronics are in the packing case. Power is supplied by a Teledyne TELAN thermoelectric generator.

erator for long periods of time. Reliability of the equipment is outstanding.

Raydist circuit design has also achieved very high selectivity which permits the equipment to be operated under poor atmospheric conditions and closer to other equipment that might cause interference. The use of single sideband transmission for the base stations also gives greater range for a given power input. All Raydist equipment is completely interchangeable, and no calibration is necessary other than setting the proper frequency.

Since the establishment of the new Hastings-Raydist Division in April, the company has handled two major oil exploration assignments. The first was off the coast of Nova Scotia for Geophysical Services, Inc. of Dallas, Texas, performing survey work for a major oil company. The second, completed in August, was a survey of a portion of Great Bear Lake for Alminex, carried out by Teledyne Exploration, Ltd. of Calgary. In both cases, Teledyne Canada provided Raydist equipment and operating staff to carry out the precise radiolocation functions required.



Hardfacing Alloys Announces New Developments in Welding Field

Teledyne Harfac welding wire, shown being wound into a 60-pound coil is also packaged in 100, 250 and 500 pound drums for special applications.

REXDALE, ONTARIO. Teledyne Canada Hardfacing Alloys recently announced two important new developments in the field of welding alloys for hardfacing metal surfaces that are subjected to abrasive wear or corrosion. These developments will enhance Teledyne Canada's position in the field of hardfacing in Canada.

The first is the design and development of new production machinery for roll forming tubular welding wire down to approximately 5/64ths of an inch in diameter. Most present pieces of equipment can only produce wire down to about 7/64ths. The new equipment, which is now being constructed by the company, will be ready early in 1972 and will permit Teledyne Canada to maintain its position of leadership in the industry. The present trend in the field of hardfacing is toward smaller wire size which permits lower amperage welding, faster linear travel and consequent reduction in the local heating of the base metal.

The second development is the introduction into Canada of a new titanium hardfacing alloy for high abrasion applications. Developed by Teledyne McKay of Pittsburgh, Pennsylvania, the new hardfacing alloy is used where high abrasion or heavy impact is present, such as in dredging and in crushing operations or where extreme metal-to-metal wear is experienced. Teledyne was the first company to develop a successful titanium hardfacing welding alloy.

Teledyne Canada's hardfacing division is unique in the industry, in that it specializes in the roll forming of tubular welding wire as opposed to the drawing methods commonly used. Roll forming is essentially a dry process when compared to drawing which requires that the wire be coated with soaps or other lubricating compounds as it is drawn through the reducing dies. The drawing process tends to leave a residue on the outside of the wire which can be detrimental to the welds, if it is not removed. This requires baking the wire at a controlled temperature which, if not carefully done, can itself degrade the quality of the wire. The Harfac method avoids these problems entirely.

Tubular welding wire is produced from a thin continuous strip of mild steel about a half inch wide. The strip, called the vehicle, is formed into a U-shaped cross section by roll forming, and the hardfacing alloy powder is carefully metered into the cavity as the strip passes. Further

Finished coils of Harfac welding wire come from the rollforming process in bright clean form without need for further processing. The wire also has ideal physical properties for easy handling during welding.

Hardfacing

Hardfacing wire is fed to the welders gun by an automatic wire feeder such as this one built by Teledyne McKay. Wire must have controlled physical properties to feed smoothly without kinking or breaking.

Hardfacing the ends of rails and switch parts that receive heavy wear is a typical application for Teledyne Harfac materials. It greatly prolongs the life of track installations at considerable savings to the railroads.

roll forming closes the U-shaped strip into a tubular wire and reduces its diameter in a series of steps to the final size. The process is continuous and requires only that the finished wire be wound into standard weight coils for packaging.

Roll forming permits the use of a thinner strip for the vehicle. The finished products therefore generally require less amperage for welding but give the same speed of deposit with less chance of overheating the base metal. The roll forming process does not harden the wire to the extent that drawing does, and results in a wire that has excellent characteristics for the welder.

Teledyne Canada's Harfac products are known throughout the world for their consistently high quality. This is due to the company's proprietary roll forming processes and excellent system of quality control that monitors the product from the raw metal powders used, to the finished wire.

The market for hardfacing is expanding as new applications are discovered. The excellent economy achieved by using hardfacing to reclaim worn parts is the main reason for this growing market. An average part can be repaired for about half the cost of replacing it.

Hardfacing

Teledyne's newly-introduced titanium hardfacing alloy is ideally suited for high abrasion applications such as this dredging operation in Vancouver harbor.

Hardfacing is the most economical means of equipment maintenance in many fields. An average part can be repaired for about half the cost of replacing it.

Hardfacing techniques are already widely used in the dredging, crushing, mining, steel, asphalt, petroleum, railroad, paper and pulp, and earthmoving equipment industries. Each of these industries has its own requirements for special alloys that have certain properties of hardness, corrosion resistance or high temperature strength. Consequently, Teledyne Canada produces over 25 different alloys to fit a variety of special needs.

In addition to the development of hardfacing products, Teledyne Canada is promoting the wider use of its products through technical seminars held in major cities throughout Canada. These seminars are free to interested parties and demonstrate the various techniques of using Teledyne Harfac materials for a variety of hardfacing purposes.

Consolidated Balance Sheet *June 30, 1971 and 1970*

ASSETS

Current Assets:	*1971*	*1970*
Cash	**$ 210,000**	$ 702,000
Receivables	**2,278,000**	2,014,000
Inventories, at the lower of cost or market	**2,475,000**	2,117,000
Prepaid expenses	**264,000**	361,000
Total current assets	**5,227,000**	5,194,000
Property and Equipment, at cost:		
Land	**339,000**	188,000
Buildings	**1,737,000**	1,830,000
Equipment	**10,024,000**	9,660,000
	12,100,000	11,678,000
Less: Accumulated depreciation	**7,803,000**	7,165,000
	4,297,000	4,513,000
Other Assets:		
Cost in excess of net assets of purchased businesses	**1,578,000**	1,578,000
Mortgages receivable	**201,000**	206,000
Other	**70,000**	79,000
	1,849,000	1,863,000
	$11,373,000	$11,570,000

On Behalf Of The Board:

C H Franklin

C. H. Franklin: Director

J. C. Hamaker

J. C. Hamaker: Director

LIABILITIES

Current Liabilities:	*1971*	*1970*
Bank loans	$ —	$ 830,000
Accounts payable and accrued liabilities	**1,489,000**	1,565,000
Loans payable to affiliated corporations	**395,000**	122,000
Income taxes payable	**146,000**	411,000
Current portion of long-term debt (Note 1)	**88,000**	196,000
Total current liabilities	**2,118,000**	3,124,000
Long-Term Debt (Note 1)	**276,000**	364,000
Deferred Income Taxes	**776,000**	891,000
Shareholders' Equity:		
Capital stock (Note 2) —		
Authorized — 5,000,000 shares without nominal or par value		
Issued — 2,104,940 shares (1970 — 2,101,136)	**4,205,000**	4,185,000
Contributed surplus	**86,000**	86,000
Retained earnings	**3,912,000**	2,920,000
Total shareholders' equity	**8,203,000**	7,191,000
	$11,373,000	$11,570,000

The accompanying notes are an integral part of these statements.

Auditors' Report

To the Shareholders of Teledyne Canada, Limited:

We have examined the consolidated balance sheet of Teledyne Canada, Limited and subsidiary companies as at June 30, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at June 30, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO
August 12, 1971

PRICE WATERHOUSE & CO.
Chartered Accountants

Consolidated Statement of Income *for the years ended June 30, 1971 and 1970*

	1971	*1970*
Sales and Service Revenues	**$13,532,000**	$14,295,000
Costs and Expenses:		
Cost of sales and services	**10,086,000**	10,467,000
Selling and administrative expenses	**1,860,000**	1,826,000
Interest on long-term debt	**29,000**	38,000
	11,975,000	12,331,000
	1,557,000	1,964,000
Income From Sale of Property	**80,000**	155,000
Income Before Income Taxes	**1,637,000**	2,119,000
Provision for Income Taxes (Note 3)	**817,000**	1,035,000
Income Before Extraordinary Item	**820,000**	1,084,000
Reduction of Income Taxes (Note 3)	**172,000**	99,000
Net Income	**$ 992,000**	$ 1,183,000
Earnings Per Share:		
Income Before Extraordinary Item	**39¢**	51¢
Reduction of Income Taxes	**8**	5
Net Income	**47¢**	56¢

Costs and expenses include provision of $754,000 in 1971 and $857,000 in 1970 for depreciation of property and equipment.

Consolidated Statement of Retained Earnings *for the years ended June 30, 1971 and 1970*

	1971	*1970*
Beginning balance	**$ 2,920,000**	$ 1,737,000
Net income	**992,000**	1,183,000
Ending balance	**$ 3,912,000**	$ 2,920,000

The accompanying notes are an integral part of these statements

Consolidated Statement of Source and Application of Funds *for the years ended June 30, 1971 and 1970*

	1971	*1970*
Source of Funds:		
Net Income	**$ 992,000**	$ 1,183,000
Add (deduct):		
Depreciation	**754,000**	857,000
Income taxes applicable to future years	**(115,000)**	(51,000)
	1,631,000	1,989,000
Issue of shares without nominal or par value	**20,000**	5,000
Book value of property sold	**89,000**	157,000
Other	**13,000**	11,000
	$ 1,753,000	$ 2,162,000
Application of Funds:		
Purchase of fixed assets, net	**$ 626,000**	$ 400,000
Decrease in long-term debt	**88,000**	596,000
Mortgage received on property sold		206,000
Increase in working capital	**1,039,000**	960,000
	$ 1,753,000	$ 2,162,000

Notes to Consolidated Financial Statements *June 30, 1971*

1. Long-term debt:

6% notes payable October 1, 1971	$ 60,000
6% loan payable to an officer of the company due July 31, 1973	180,000
7% mortgage repayable in blended instalments to 1981, secured on the related property	51,000
Equipment purchase contracts, 7½% and 8½% due 1971 and 1978, secured on the related assets	73,000
	364,000
Less—Current portion	88,000
	$276,000

2. Capital stock: During the year 3,804 shares were issued under the Employees' Stock Purchase Plan for a cash consideration of $20,000. Of the authorized shares assigned for issue under the Plan when it was established January 1, 1970, 45,525 remain to be issued. In addition, 38,300 authorized shares are reserved for granting stock options in the future.

3. Deferred income taxes: The company follows the policy of providing deferred income taxes on timing differences between taxable income and reported income. For one of the companies undepreciated capital cost of fixed assets exceeds their net book value by approximately $610,000 as a result of not claiming capital cost allowances in loss years and after allowing for the tax reduction in 1971. The future tax benefits from this amount will be recorded in the accounts when realized.

4. Statutory information: Remuneration of directors and senior officers, as defined under the Ontario Business Corporations Act, 1970, amounted to $184,000.

Board of Directors
J. C. HAMAKER: *Chairman*
J. H. CORRIGAN
C. H. FRANKLIN
D. S. McCANN
S. L. VETTESE

Officers
J.C. HAMAKER: *Chairman and President*
D. S. McCANN: *Executive Vice President*
S. L. VETTESE: *Vice President*
G. P. LANG: *Secretary-Treasurer*
C. T. LOUGHRIN: *Assistant Secretary*
R. J. GAMBLE: *Assistant Treasurer*

Transfer Agent and Registrar
Montreal Trust Company
15 King Street West
Toronto, Ontario

Corporate Office
15 Brydon Drive
Rexdale, Ontario

LITHO IN CANADA

TELEDYNE CANADA LIMITED
2nd QUARTER REPORT 1971

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Corp report

March 10, 1971.

To Our Shareholders:

Performance of Teledyne Canada for the second quarter of the 1971 fiscal year continued on approximately the same level as the first quarter. Sales for the six months ended December 31, 1970 were $6,518,000 compared to $6,987,000 the prior year. Earnings per share were $0.21 on 2,101,570 shares versus $0.32 on 2,100,465 shares during the same period last year. Net income for the current six months was $444,000 compared to last year's $679,000 which included $155,000 income from the sale of property no longer required for business operations. All figures for the 1970 fiscal period have been restated to include a company acquired on a pooling-of-interests basis.

During the recent period, Teledyne Canada Mining Products has continued its commitment to

TELEDYNE CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

Unaudited

	Six Months Ended December 31	
	1970	*1969*
Source of Funds:		
Net Income	**$ 444,000**	$ 679,000
Add Depreciation	**396,000**	410,000
	840,000	1,089,000
Issue of shares without nominal or par value	**10,000**	—
Book value of property sold	—	158,000
Other	**5,000**	10,000
	$ 855,000	$1,257,000
Application of Funds:		
Purchase of fixed assets, net	**41,000**	230,000
Decrease in long-term debt	**82,000**	528,000
Mortgage receivable on property sold	—	212,000
Decrease in future year's income taxes	**50,000**	—
Increase in working capital	**682,000**	238,000
Other	—	49,000
	$ 855,000	$1,257,000

the mechanization of the underground mining industry by introducing several new developments to be used in the Load, Haul, and Dump technique of mining.

These new products include a complete line of heavy duty rock breaker booms; an "undercut and fill" mobile drill and special high-heading, accurate alignment, long hole drill jumbos.

The jumbos are used by Rio Algom Mines, Ltd. for the precise drilling on headings of thirty feet of holes up to 2⅛″ diameter, seventy feet long. The mobile "undercut and fill" unit was specifically designed by Teledyne Canada Mining Products to reduce the amount of manual labour now used in the "undercut and fill", pillar recovery mining method.

These latest new developments continue to expand our underground mining equipment product line of four-wheel-drive vehicles, equipped with special auxiliary components. These are used for applications such as personnel carriers; graders for underground road maintenance; Telestage™ lift platform vehicles for rock bolting, scaling and Anfo charging; emergency repair vehicles complete with air compressors and welding equipment; as well as ore carriers up to twenty ton capacity. Teledyne Canada has delivered over 200 of these special underground mining vehicles to the Canadian mining industry during the last four years.

Frank La Haye

Frank LaHaye, President,

Consolidated Statement of Income:
Unaudited

	Six Months Ended December 31	
	1970	*1969*
Sales and Service Revenues	**$6,518,000**	$6,987,000
Costs and Expenses:		
Operating Costs	**5,284,000**	5,529,000
Depreciation	**396,000**	410,000
Interest on long-term debt	**18,000**	54,000
	5,698,000	5,993,000
	820,000	994,000
Income From Sale of Property	**—**	155,000
Income Before Income Taxes	**820,000**	1,149,000
Provision for Income Taxes	**420,000**	517,000
Income Before Extraordinary Item	**400,000**	632,000
Reduction of Income Taxes	**44,000**	47,000
Net Income	**$ 444,000**	$ 679,000
Average Number of Shares Outstanding	**2,101,570**	2,100,465
Net Income Per Share	**21¢**	32¢

Board of Directors

J. H. CORRIGAN
C. H. FRANKLIN
R. H. KELM
F. W. T. LA HAYE
J. D. NISBET

Officers

F. W. T. LA HAYE: President
D. S. McCANN: Executive Vice-President
S. L. VETTESE: Vice-President
R. H. KELM: Treasurer
J. H. CORRIGAN: Secretary
C. T. LOUGHRIN: Assistant Secretary
R. J. GAMBLE: Assistant Treasurer

Transfer Agent and Registrar

Montreal Trust Company
15 King Street West
Toronto, Ontario

Corporate Office

15 Brydon Drive
Rexdale, Ontario

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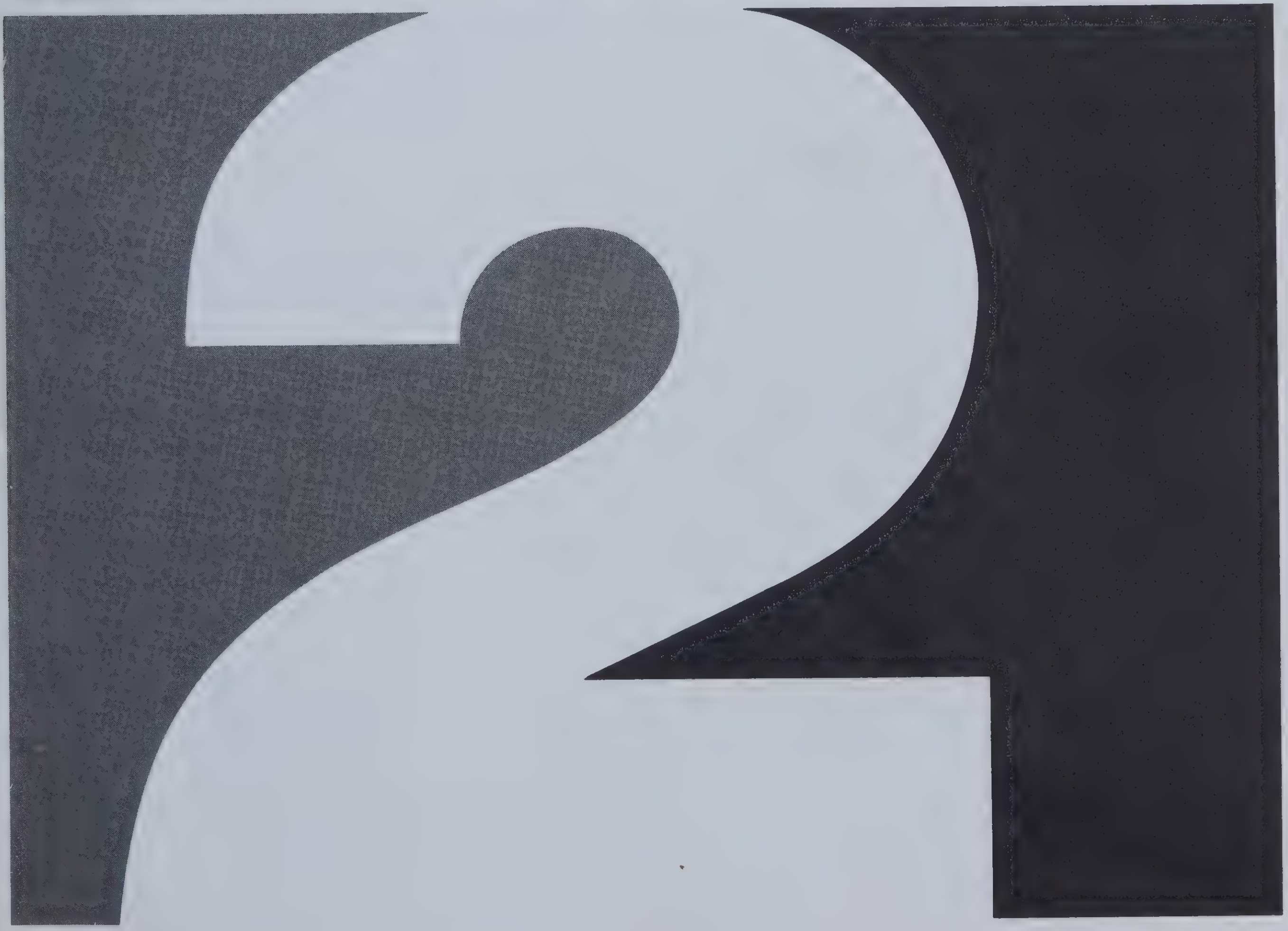
Report

TELEDYNE CANADA LIMITED 2ND QUARTER REPORT



FIRST HALF RESULTS

Teledyne Canada during this first half of the fiscal year period continued to increase sales, but with reduced earnings.

Sales for the six months ended December 31, 1971 were $7,103,000 compared to $6,518,000 the prior year. Earnings per share were $0.18 on 2,105,600 average shares, versus $0.21 on 2,101,570 average shares during the same period last year. Net income for the current six months was $380,000 compared to last year's $444,000.

PRODUCTS AND SERVICES INCREASED

The company has continued to expand its range of products and services. This program has been carried out by negotiating sales and technical agreements for the manufacture or sale of new products. In addition, major expenditures for research and development, and for capital equipment items have been approved to broaden the scope of the subsidiary companies.

LICENSING AGREEMENT SIGNED

An exclusive license agreement has been signed with Teledyne McKay of Pittsburgh to manufacture special welding rods and welding wires. In addition to the range of Canadian-manufactured products, Teledyne Hardfacing Alloys will be marketing some McKay-label stainless steel electrodes and other McKay-label items under the new arrangement.

EXCLUSIVE SALES RIGHTS

Teledyne Canada Mining Products has negotiated an exclusive sales agreement with Compair Canada Ltd. to distribute their equipment for all Canadian under-

TELEDYNE CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Income

(unaudited)

	Six Months Ended December 31	
	1971	*1970*
Sales and Service Revenues	**$7,103,000**	$6,518,000
Costs and Expenses:		
Operating costs	**6,054,000**	5,284,000
Depreciation	**346,000**	396,000
Interest on long-term debt	**5,000**	18,000
	6,405,000	5,698,000
Income before Income Taxes	**698,000**	820,000
Provision for Income Taxes	**349,000**	420,000
Income before Extraordinary Item	**349,000**	400,000
Reduction of Income Taxes	**31,000**	44,000
Net Income	**$ 380,000**	$ 444,000
Average number of shares outstanding	**2,105,600**	2,101,570
Net Income Per Share	**$ 0.18**	$ 0.21

AR24

TELEDYNE
CANADA
15 BRYDON DRIVE
REXDALE, ONTARIO
TELEPHONE: (416) 742-5011

IMMEDIATE RELEASE

TELEDYNE CANADA REPORTS 21¢ FOR SIX MONTHS

Teledyne Canada Limited reported earnings per share of 21¢ for the first

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ground mining applications. This equipment includes the complete range of Holman and Broomwade manufactured rock drilling equipment, air compressors and associated air-operated motors, controls and cylinders. These units will be utilized on the special mobile vehicles provided by Mining Products incorporating the Mercedes-Benz Unimog diesel units.

VENEZUELAN SURVEY

Teledyne Canada Hastings-Raydist have mobilized equipment and personnel to work with Scintrex Ltd. of Toronto on a Venezuela survey. This policy of expanding into Latin America will provide winter time operations when off-shore exploration is slow in Canadian waters. The Venezuela operation is expected to commence shortly using Raydist to position a helicopter on special survey work.

TRANSPORT FLEET EXPANDED

The Teledyne Canada Transport Group has expanded its services in purchasing new types of 40-ton trailers. This will provide added facilities for the transport fleet to haul the larger pay loads now permitted in the industry.

MACHINE TOOL MODERNIZATION

To maintain the modern requirements of production and repeatability, tape controlled machines have been installed for metal grinding and turning to fine tolerances.

These programs allow our companies to seek new areas of growth and maintain leadership in their respective fields of endeavour.

TELEDYNE CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

(unaudited)

	Six Months Ended December 31	
	1971	*1970*
Source of Funds:		
Net income	**$380,000**	$444,000
Add depreciation	**346,000**	396,000
	726,000	840,000
Issue of shares without nominal or par value	**5,000**	10,000
Payments received on mortgages	**109,000**	5,000
	$840,000	$855,000
Application of Funds:		
Purchase of fixed assets, net	**$458,000**	$ 41,000
Purchase of a business, net of working capital	**100,000**	—
Decrease in long-term debt	**10,000**	82,000
Decrease in future years' income taxes	**—**	50,000
Increase in working capital	**272,000**	682,000
	$840,000	$855,000

BOARD OF DIRECTORS

E. M. Brown
D. S. McCann
S. L. Vettese
J. H. Corrigan
C. T. Loughrin

OFFICERS

E. M. Brown, Chairman
D. S. McCann, President
S. L. Vettese, Vice-President
G. P. Lang, Secretary-Treasurer
T. Lough, Assistant Secretary
R. J. Gamble, Assistant Treasurer

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
15 King Street West
Toronto, Ontario

CORPORATE OFFICE

15 Brydon Drive
Rexdale, Ontario

AR24

TELEDYNE
CANADA
15 BRYDON DRIVE
REXDALE, ONTARIO
TELEPHONE: (416) 742-5011

IMMEDIATE RELEASE

TELEDYNE CANADA REPORTS 21¢ FOR SIX MONTHS

Teledyne Canada Limited reported earnings per share of 21¢ for the first half of the 1971 fiscal year ending December 31, 1970 compared with 32¢ for the same period a year earlier. New income was $400,000 from operations and $44,000 from special items on sales of $6,518,000 compared with net income of $477,000 from operations and $202,000 from special items on sales of $6,987,000 for the year earlier period. Earnings for the previous year are restated on a pooling-of-interest basis.

Teledyne Canada services the mining, construction, and natural resources industries with specialty metals, welding materials, mining products, and chemical and dry-bulk transport.

TELEDYNE CANADA LIMITED - Six Months Ended December 31, 1970

	1971	1970 (a)
Sales	$ 6,518,000	$ 6,987,000
Income before special items	820,000	994,000
Profit before special items:	$400,000	477,000
Special Items	44,000 (3¢)	202,000 (9.6¢)
Net Income	444,000	679,000
E.p.s. before special items:	19¢	22.7¢
Earnings per share	$ 0.21	$ 0.32
Average shares outstanding	2,101,570	2,100,465

(a) Restated for subsequent pooling-of-interest

February 10, 1971

I talked to D. S. McCann, exec. vice-pres. He okayed this method of presentation.